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Oil jumps 10% amid
Iran conflict; could
spike to \$100 a
barrel, say analysts

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S&P affirms Al Koot's 'A-' rating; stamps 'stable' outlook

By Santhosh V Perumal
Business Reporter

Al Koot Insurance & Reinsurance, which is proposed to be listed on the Qatar Stock Exchange, has been affirmed 'A-' rating with "stable" outlook by Standard & Poor's (S&P), an international credit rating agency. Al Koot will maintain sufficient capital adequacy at the 99.99% confidence level in 2026-27, supported by profitable earnings, S&P said, adding at the end of 2025, it had significant capital buffers above the 99.99% confidence level as per its internal risk-based capital model.

Finding that the insurer's overall profitability continues to support its business growth, despite relatively high dividend payouts; it said "our

base-case scenario assumes a dividend payout ratio of about 70% of net profits, although Al Koot has flexibility to reduce its dividends in the unlikely event capital adequacy comes under pressure."

Forecasting that the insurer will maintain its competitive position in Qatar's insurance market while it continues to grow profitably and diversify its portfolio; S&P said in 2025, Al Koot's insurance revenue increased about 12% to QR1.4bn, driven mainly by the growth in the medical line, which contributes about 60% of the insurer's revenue. Its second-largest business line is energy, contributing about 20% of its revenue, as Al Koot is one of the six leading national insurers in Qatar and benefits from access to government-related risks (tenders) that are only open to the six

national insurers, which are a part of consortium.

The medical and energy lines, though very profitable, contribute to more than 80% of Al Koot's top line, leading to some concentration risk. On the underwriting side, Al Koot's net combined ratio in 2025 was 82% against a three-year average net combined ratio of 84%. "We project a net combined ratio of about 85% for the next two years," it said. Highlighting that Al Koot is one of the largest insurers in terms of insurance revenue and is expected to keep its strong position and take advantage of growth opportunities in the Qatari insurance market; it said "we expect that Al Koot's insurance revenue will rise about 10% for 2026-27 excluding the mandatory health insurance business."

Once the mandatory health insurance scheme gets implemented, S&P expects the entire market's growth rate to improve significantly, possibly exceeding 20%.

Expecting Al Koot to maintain a relatively "conservative" and highly liquid investment portfolio; the rating agency said over the past few years, the insurer has taken steps to de-risk its investment portfolio by reducing exposure to high-risk assets and decrease the proportion of equities and real estate in its investment portfolio, improving its risk profile. Investment-grade fixed-income securities and deposits form a significant part of Al Koot's investment portfolio, which also support the company's high liquidity, according to S&P.

Sukuk issuance by GCC FIs and corporates 'broadly stable' this year, says Moody's

By Santhosh V Perumal
Business Reporter

Demand for Islamic finance is likely to remain solid with issuances by financial institutions and corporate sectors in the Gulf Cooperation Council (GCC) expected to be "broadly stable", according to Moody's, a global credit rating agency.

"Demand for Islamic finance will remain supported by economic expansion, ongoing diversification, investment inflows and population growth in core Islamic markets, particularly the GCC and Southeast Asia," Moody's said in a report.

Islamic banking in core markets, including in the GCC, Malaysia, Indonesia and Türkiye expanded in 2025, although the rate of growth slowed following strong momentum in recent years, it said, adding "we expect further growth in 2026, driven by solid economic expansion, government and legislative support, and ongoing economic diversification agendas."

The GCC Islamic banking sector is likely to continue to outpace conventional banking because of strong economic momentum and diversification initiatives, governments' commitment to the promotion of the broader Islamic finance industry, supportive regulation and rising demand for Shariah-compliant financial products.

Highlighting that sukuk issuance will be steadier after two record years; it said "we expect issuance of around \$270bn-\$280bn in 2026." The rating agency expects higher issuance from financial institutions and the corporate sector, supported by increased business activity and in response to a likely further fall in interest rates. In the GCC, overall sukuk volumes rose 11% year-on-year to \$126.5bn in 2025, while a 19% increase in long-term issuance was spread across sovereign, corporate and financial institutions, principally in Saudi Arabia and the UAE. Finding that green and sustainable sukuk issuance to be broadly stable, following strong 2025; it said green and sustainable sukuk issuance reached \$13.7bn in 2025, up 45% from the previous year.

The GCC region continued to lead, with Saudi Arabia and the UAE contributing \$6.2bn and \$4.5bn, respectively, it said, adding investment in energy transition, adaptation and digital infrastructure would support the market in 2026.

"We believe that the GCC will lead future issuance, as these countries proceed with their sustainability and economic diversification agendas," the report said. Stressing that demand for Islamic fund assets and takaful will remain solid, while sector consolidation is likely; Moody's said stable investor demand for Shariah-compliant products will continue to drive inflows into Islamic funds.

"We expect takaful premiums to grow moderately in the next two to three years, underpinned by economic expansion and rising demand for medical insurance and other compulsory products. Competition, increasing climate risk, digitalisation and regulatory improvements are likely to drive mergers and acquisitions in the takaful sector," it said.

Qatar's 'proactive mindset' seen to spur entrepreneurial growth

By Peter Alagos
Business Editor

Qatar's proactive mindset, particularly during times of crises, is increasingly recognised as a significant driver of entrepreneurial growth within the country, a top executive from a regional hypermarket group has said.

LuLu Group Global director Dr Mohamed Althaf explained to *Gulf Times* yesterday that this forward-thinking approach encourages entrepreneurs, startup founders, and businesses to embrace innovation and take calculated risks, ultimately fostering a vibrant startup ecosystem.

"I see a major opportunity," Dr Althaf pointed out, citing Qatar's resiliency during the Covid-19 pandemic, among other regional challenges, where government tenacity and support helped promote creativity in diversifying its economy and reduce dependency on traditional industries.

"Every crisis teaches us to look for opportunities. Compared to many countries, Qatar may not be large in size, but it has a strong economy.

With cutting-edge technologies arriving here, Qatar is in a position to leapfrog into the future.

"Unlike larger economies, Qatar does not carry heavy legacy burdens; concerns that slow down transformation elsewhere, such as disruptions to low-skilled job markets, are less relevant here," Dr Althaf further explained.

He also said, "Qatar does not face significant unemployment among nationals, and there is already a continuous need for workers for low-tech jobs. This creates an incentive to adopt high-tech solutions without the same social constraints."

According to Dr Athaf, Qatar "has the right conditions," pointing to a young population, strong internet bandwidth, and a government "committed to delivering on its promises."

He said, "The infrastructure investments are visible: Anyone who visited Qatar 10 years ago would not recognise the improvements today. This includes not only physical infrastructure but also power grids, water systems, food storage, and digital networks. I believe Qatar will act with urgency. We will see more entrepreneurs emerge, bringing fresh ideas and new business

models that deliver on this promise."

"Over time, globalisation and the free flow of goods led many countries, including those in our region, to prioritise efficiency over strategic concerns. The philosophy of 'just-in-time' delivery and minimal inventory became dominant. But crises like this remind us that while efficiency is valuable, security is even more important.

"Businesses need deep strategic reserves. This is a lesson for the entire industry, and I hope it becomes part of our core DNA. Every business plan should include strategies for unforeseeable events - whether geopolitical, economic, or environmental," he pointed out.

Dr Althaf added: "Qatar has achieved a great deal, but this is a moment to recognise that reliability matters as much as cost. No country can be fully self-sufficient, but self-reliance is possible through smart strategies and investment in infrastructure. I always emphasise the importance of maintaining strategic reserves. This mindset will inspire new entrepreneurial ideas. I am confident that future business models will prioritise security alongside efficiency."



Dr Mohamed Althaf, LuLu Group Global director.

Opec+ agrees modest oil output boost even as war on Iran disrupts shipments

Reuters
London/Moscow

Opec+ agreed a modest oil output boost of 206,000 barrels per day for April on Sunday just as the US-Israeli war on Iran and Tehran's retaliation disrupted oil flows from key members of the producer group in the Middle East. Opec+ has a history of raising oil output to cushion disruptions but analysts said the group currently has little spare capacity to add to supply, except for its leading member Saudi Arabia and the United Arab Emirates, which will also struggle to export oil until navigation in the Gulf returns to normal. Riyadh has been increasing oil production and exports in recent weeks by around 500,000 bpd in preparation for US strikes on Opec+ member Iran, sources have told Reuters. Oil, gas and other shipments from the Middle East via the Strait of Hormuz have come to a halt since Saturday after shipowners received a warning from Iran saying the area was closed for navigation. Hundreds of ships dropped anchor and were not moving on Sunday and several ships came under attack. Hormuz is the world's most important

oil route accounting for over 20% of global oil transit.

Despite fears of a glut that would weigh on prices, global benchmark Brent crude has rallied this year and jumped on Friday to \$73 per barrel, the highest level since July, on fears of a wider conflict in the Middle East.

Brent traded 8%-10% up around \$80 per barrel over the counter on Sunday, traders said. Opec+'s output increase is unlikely to calm markets, said Jorge Leon, a former Opec official who now works as head of geopolitical analysis at Rystad Energy.

"Prices will respond to developments in the Gulf and the status of shipping flows, not to a relatively small increase in output."

Opec+ will raise production by 206,000 barrels per day from April, it said in a statement on Sunday. It had debated options ranging from 137,000 bpd to 548,000 bpd, according to five sources who declined to be named because they are not authorised to speak to the press.

The agreed increase, which brings an end to a three-month pause in production hikes, represents less than 0.2% of global supply. Middle East leaders have warned Washington that a war on Iran could lead to oil prices

jumping to over \$100 per barrel, said veteran Opec analyst Helima Croft from RBC. Analysts from Barclays also said prices could rise to \$100.

Croft said the market impact from any Opec output increase will be limited due to a lack of production capabilities outside Saudi Arabia. "A tighter market in the first quarter allows the group to continue increasing the quota, however real barrels being added to the market will be a fraction of it," said Giovanni Staunovo, an oil analyst at UBS.

Opec+'s declining level of spare capacity might have been a factor behind the decision not to opt for a larger boost, he said.

The meeting on Sunday involved only eight members of Opec+ - Saudi Arabia, Russia, the UAE, Kazakhstan, Kuwait, Iraq, Algeria and Oman. Opec+ groups the Organization of the Petroleum Exporting Countries and allies like Russia but most production changes in the past years have been done by the eight members.

The eight members raised production quotas by about 2.9mn bpd from April through December 2025, roughly 3% of global demand, before pausing increases for January to March 2026 due to seasonal weakness.



Opec+ has a history of raising oil output to cushion disruptions but analysts said the group currently has little spare capacity to add to supply, except for its leading member Saudi Arabia and the United Arab Emirates, which will also struggle to export oil until navigation in the Gulf returns to normal

Middle East conflict threatens disruption for gas markets

Bloomberg
London

A widening Middle East conflict looks set to create the most significant disruption for gas markets since Russia's invasion of Ukraine upended global trade four years ago. Iran's neighbors are some of the world's most important producers, and the region is also a vital supply route, with 20% of liquefied natural gas exports traveling through the Strait of Hormuz, a crucial chokepoint for global energy. LNG trade through the narrow waterway is now all but halted, according to ship-tracking data. Asian buyers have been calling suppliers to check if alternative

cargoes are available, according to traders. Egypt, meanwhile, is trying to bring forward shipments, after supplier Israel shuttered some fields. "Any naval activity in the Straits of Hormuz will be particularly bullish," said Tom Marzec-Manser, director of Europe LNG and gas at Wood Mackenzie. Russia's invasion of Ukraine in 2022 created unprecedented turmoil in the international gas trade, cutting Moscow off from its largest export market, fueling volatility and triggering a record spike in prices in Europe and elsewhere. Asia is particularly vulnerable to similar ripple effects from the Middle East's worsening crisis. Shipments to Asia – and the Europe – must pass through the Strait of Hormuz.

Smaller exporter UAE also sends its LNG exports through the Strait. "There is no replacement," Anne-Sophie Corbeau, a researcher at Columbia University's Center on Global Energy Policy, said in a post on LinkedIn. "Will prices spike more in Asia or in Europe? Europe is less exposed, but has low storage levels. It also depends on how much is diverted to Asia." Nippon Yusen, a major Japanese LNG shipowner and manager, has instructed its affiliated ships to avoid the area around the Strait of Hormuz, according to a company spokesperson. Mitsui OSK Lines, another large Japanese LNG shipowner, has instructed vessels to wait in safe waters, while Kawasaki Kisen Kaisha confirmed it had ordered vessels in the Persian Gulf to stand by.

If the conflict drags on and shipping disruptions continue, risks will grow rapidly for LNG output, which requires steady exports to move fuel through the facility – or risk forcing output cuts. Chinese importers are among those making last-minute calls this weekend to weigh up alternative supplies if Iranian efforts to curb shipping are sustained, traders said, though QatarEnergy has not delayed any shipments to its buyers. Traders in India, Japan and elsewhere are also bracing for higher prices, reversing over a year of relatively subdued rates at a time of ample new supply. And it isn't just spot prices – long-term LNG contracts are usually linked to crude benchmarks, so an increase in Brent oil will also make gas more expensive for Asian consumers.

Saudi investors ramped up US stock trading as home market fell

Bloomberg
Riyadh

Saudi Arabian investors sharply increased their trading in US equities in 2025, redirecting capital away from a domestic market that ranked among the world's worst performers.

Trading by Saudi financial institutions in US stocks rose to about 254bn riyals (\$68bn) in the fourth quarter, more than double the level a year earlier, according to data from the Capital Market Authority. US equities accounted for nearly all trading conducted outside the kingdom in the fourth quarter.

At the same time, activity on the Saudi exchange contracted. Total domestic trading fell from more than 1.1tn riyals in early 2024 to about 574bn riyals by the end of 2025. The divergence reflects starkly different market trajectories. Saudi Arabia's Tadawul All Share Index fell 9% in the fourth quarter, taking its annual decline to 13% amid oil-price volatility, fiscal pressures and regional tensions.

US markets kept rising: The S&P 500 index gained more than 16% for the year, driven largely by tech stocks and investor enthusiasm for artificial intelligence.

Although the kingdom's sovereign wealth fund has been reducing its holdings of US-listed equities, it has still funneled significant capital into the country. Notable Public Investment Fund deals include last year's \$55bn acquisition of Electronic Arts Inc and a recent \$3bn investment in Elon Musk's xAI via a subsidiary.

Saudi Arabia's IPO market – once a bright spot – has also cooled, with a string of weak debuts and a slow start to new share sales this year. Meanwhile, companies in the US are preparing a new wave of large listings, including SpaceX, which could unseat Saudi Aramco as the world's largest IPO, and Anthropic PBC and OpenAI Inc.

Even as local investors pull back from domestic equities, regulators have stepped up efforts to attract foreign capital. Authorities recently opened the market to a broader range of international investors and are considering rule changes that would allow majority foreign ownership of Saudi-listed companies, a move analysts say could unlock billions of dollars in passive inflows.

Oil jumps 10% amid Iran conflict; seen spiking to \$100 a barrel

Reuters
London

Brent crude jumped 10% to about \$80 a barrel over the counter on Sunday, oil traders said, while analysts predicted that prices could climb as high as \$100 after US and Israeli strikes on Iran plunged the Middle East into a new war.

The global oil benchmark has rallied this year and reached \$73 a barrel on Friday for its highest since July, buoyed by growing concern over the potential attacks that arrived a day later. Futures trading is closed over the weekend.

"While the military attacks are themselves supportive for oil prices, the key factor here is the closing of the Strait of Hormuz," said Ajay Parmar, director of energy and refining at ICIS.

Most tanker owners, oil majors and trading houses have suspended crude oil, fuel and liquefied natural gas shipments via the Strait of Hormuz, trade



Oil tankers pass through the Strait of Hormuz (file). More than 20% of global oil is moved through the Strait of Hormuz.

sources said, after Tehran warned ships against moving through the waterway. More than 20% of global oil is moved through the Strait of Hormuz.

"We expect prices to open (after the weekend) much closer to \$100 a barrel and

perhaps exceed that level if we see a prolonged outage of the Strait," Parmar said.

Middle East leaders have warned Washington that a war on Iran could lead to oil prices jumping to more than \$100 a barrel, said RBC analyst Helima

Croft. Rabobank analysts slightly less bullish, seeing prices holding above \$90 a barrel in the near term.

The Opec+ group of oil producers agreed on Sunday to raise output by 206,000 barrels per day (bpd) from April, a modest increase representing less than 0.2% of global demand.

While some alternate infrastructure could be used to bypass the Strait of Hormuz, the net impact from its closure would be a loss of 8mn to 10mn bpd of crude oil supply even after diverting some flows through Saudi Arabia's East-West pipeline and Abu Dhabi's pipeline, said Rystad energy economist Jorge Leon.

Rystad expects prices to rise by \$20 to about \$92 a barrel when trade opens.

The Iran crisis also prompted Asian governments and refiners to assess oil stockpiles and alternative shipping routes and supplies. Kpler analysts said in a webinar on Sunday that India might turn to Russian oil to make up for potential Middle East supply loss.

Bloomberg QuickTake Q&A

How strikes on Iran put focus on the Strait of Hormuz

By Julian Lee

After coming under attack from the US and Israel, Iran appeared to exercise one of its options for retaliation: putting a squeeze on the strategic Strait of Hormuz. This narrow waterway at the mouth of the Arabian Gulf handles about a quarter of the world's seaborne oil trade. A semiofficial Iranian media outlet described the strait as effectively shut, and ships reported hearing a radio broadcast purporting to come from the Iranian navy announcing that transit through it was banned. In this environment, some oil and gas tankers began avoiding the waterway. It was unclear how long a disruption might last. A prolonged disruption of traffic in the strait – which accommodates giant tankers that ferry oil and gas from the Middle East to China, Europe, the US and other major energy consumers – would trigger a spike in oil prices and potentially destabilize the global economy. Oil prices had already hit a seven-month high in February amid growing speculation that US President Donald Trump would order the military strikes on Iran.

What's the significance of the Strait of Hormuz?

With Iran to its north and the United Arab Emirates and Oman to its south, the Strait of Hormuz connects the Arabian Gulf to the Indian Ocean. It's an essential passage for global oil trade. Most suppliers around the Arabian Gulf have no other sea route for their exports. Tankers hauled about 16.7mn barrels a day of crude and condensate through the strait in 2025, according to data compiled by Bloomberg. Saudi Arabia, Iraq, Kuwait, the UAE and Iran all ship oil through Hormuz and the majority of their cargoes are destined for Asia. The waterway is also crucial for the liquefied natural gas market. Nearly a fifth of the world's supply of LNG passed through this channel last year. The Strait of Hormuz is almost 100 miles (161 kilometers)

long and 21 miles wide at its narrowest point. The shipping lanes in each direction are just two miles wide. The shallow depth of the waterway makes ships vulnerable to mines, while the proximity of the strait to land – Iran, in particular – leaves vessels open to attack from shore-based missiles or interception by patrol boats and helicopters.

Can Iran really block the Strait of Hormuz?

Under the UN Convention on the Law of the Sea, countries can exercise sovereignty up to 12 nautical miles (14 miles) from their coastline – a smaller distance than the narrowest point of the Strait of Hormuz. They must allow "innocent passage" of foreign vessels through these territorial waters and must not impede "innocent" or "transit passage" through straits used for international navigation. While Iran signed this treaty in 1982, it hasn't been ratified by the nation's parliament.

The Iranian government has said during previous periods of heightened geopolitical tension that it has the ability to impose a naval blockade. It has never followed through on threats to completely shut off access to the strait – a move that would likely be met with a strong response from Western navies patrolling the area, in particular the US.

As shown in the most recent case, words alone can cause disruption. Iran could cause further disarray without a single one of its warships leaving port. It has a number of options with its coastline along the waterway. These range from lower-impact harassing of ships with small, fast patrol boats, to more extreme alternatives, such as attacking tankers with missiles and drones so it becomes too dangerous for commercial vessels to venture through the strait. Iran could also lay sea mines, although the resulting risk to its own ships may make such a move less likely. Modern-day vessels are vulnerable to the jamming of global positioning system signals – a tactic that's increasingly being used by state and non-state actors around the

world to disrupt navigation. Thousands of ships suffered disruption in and around the Strait of Hormuz during the Iran-Israel conflict last June.

How would disruption in the Strait of Hormuz affect the oil market?

If it becomes dangerous for ships to traverse the strait, they may only make the journey in convoys under the protection of Western navies. This would slow traffic but shouldn't significantly impact oil global supply. A full closure of the waterway for more than a few days is a nightmare scenario for energy markets. Kpler Ltd senior crude analyst Muyu Xu estimated in June that Iran blocking the strait for just one day could cause oil prices to surge as high as \$120 to \$150 a barrel. Before the February 28 airstrikes on Iran, Brent crude, the international benchmark, had averaged \$67 a barrel year-to-date in 2026. Closing the Strait of Hormuz would quickly hit Iran's own economy as it would be unable to export its petroleum. Disruption to oil flows out of the Middle East would also risk antagonizing China, the biggest buyer of Iranian crude and a critical partner that's used its veto power at the UN Security Council to shield Iran from Western-led sanctions or resolutions.

Who relies most on the Strait of Hormuz?

Saudi Arabia exports the most oil through the waterway. However, it can divert shipments by using a 746-mile pipeline that runs across the kingdom to a terminal on the Red Sea, where the oil can be loaded onto vessels for onward transport. The East-West Pipeline is able to carry 5mn barrels of crude a day. The UAE can likewise bypass the Strait of Hormuz to a certain degree, by leaning on a pipeline that runs from its oil fields to a port along the Gulf of Oman. The Habshan-Fujairah pipeline has the capacity to move 1.5mn barrels of crude a day.

Iraq has a pipeline that runs through Turkey to the Mediterranean coast and was reopened last year. But this can only carry oil pumped from fields in the north of the country, so nearly all of its crude exports are shipped by sea from the port of Basra and pass through the Strait of Hormuz.

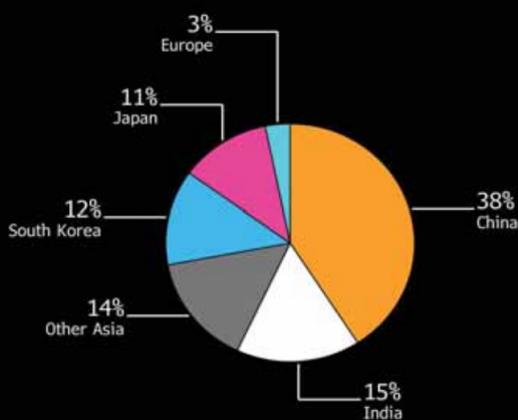
Iran also depends on the strait to export its oil. More of the country's crude was shipped through the waterway in 2025 than at any time since 2018, according to vessel tracking data compiled by Bloomberg.

How have the US and allies responded to threats to Hormuz shipping in the past?

During the 1980-88 Iran-Iraq war, strikes on oil facilities escalated to both sides attacking merchant vessels in the Arabian Gulf, in what came to be known as the Tanker War. The US navy resorted to escorting Kuwaiti ships carrying Iraqi oil through the Gulf. In 2019, countries including the UK, Saudi Arabia and Bahrain joined a US-led coalition known as the International Maritime Security Construct to secure sea lines in the Middle East vital to oil shipping. This followed a series of attacks on vessels and onshore facilities that some coalition members blamed on Iran. Since late 2023, much of the focus on protecting shipping has switched away from the Strait of Hormuz and to the southern Red Sea. This has been in response to attacks by the Iran-backed Houthi militants in Yemen, who have targeted ships in the Bab el-Mandeb Strait that connects the Red Sea to the Gulf of Aden and Indian Ocean. During the most recent US-Iran tensions, vessels have increased their speed through the Strait of Hormuz to minimize the time they're at risk, while the US has advised American-flagged ships to stay as far away as possible from Iranian waters when navigating the waterway. Separately, a US F-35C warplane shot down an Iranian drone in early February as the unmanned aircraft "aggressively approached" the USS Abraham Lincoln aircraft carrier with "unclear intent," according to US Central Command.

China Is the Most Dependent on Oil Transiting the Strait of Hormuz

Share of crude transported through the chokepoint by destination

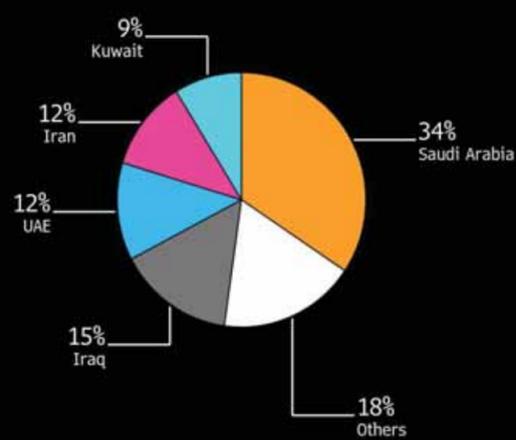


Source: Bloomberg News analysis of US Energy Information Administration
Note: Most recent figures from 1Q 2025; includes crude and condensate

Bloomberg

Iran Is OPEC's Fourth-Largest Producer

While its clout has declined, Iran remains a core member of the organization



Source: Bloomberg
Note: Based on monthly production figures for December 2025

Bloomberg



INVITATION TO ATTEND

THE ANNUAL ORDINARY AND EXTRA ORDINARY GENERAL ASSEMBLY MEETINGS

of AAMAL COMPANY Q.P.S.C.

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Invitation to attend the Annual Extra-Ordinary and Ordinary General Assembly Meetings

Aamal Company Q.P.S.C.

The Board of Directors of Aamal Company Q.P.S.C. (The Company) is pleased to invite its shareholders to attend the Extra-Ordinary and Ordinary General Assembly Meetings of the company which will be held on Tuesday 21 April 2026, at 5:00 pm. The meeting will be held at the Marriott Marquis City Center Doha Hotel at Al Areen Ballroom.

In the event that a quorum is not achieved at any of the meetings, a subsequent meeting(s) will be held on Wednesday 29 April 2026 at 5:00pm at the aforementioned location.

Please refer to the documents below regarding the agenda of the General Assembly Meetings.

Faisal bin Qassim Al Thani
Chairman of the Board of Directors

Agenda of the Extraordinary General Assembly Meeting

- To discuss and approve the amendments proposed on the Articles of Association of Aamal Company Q.P.S.C. in accordance with the provisions of the new Corporate Governance Code decision number (5) 2025 and the Commercial Companies Law.
- In the event that the General Assembly approves Item No. (1) as set out above, to authorize the Chairman of the Board, Sheikh Faisal Qassim Al Thani, to sign the new Articles of Association for the purposes of authenticating them by the relevant authorities, and to approve the Chairman to authorize Company staff to undertake the necessary steps to complete the authentication and registration of the new Articles of Association with the relevant authorities.

Agenda of the Ordinary General Assembly Meeting

- To hear and approve the Chairman's report on the Company's activities and the financial position for the financial year ended 31 December 2025 and to hear the Company's future business plan.
- To hear and approve the External Auditor's report on the Company's Consolidated Financial Statements for the financial year ended 31 December 2025.
- To discuss and approve the Company's Consolidated Financial Statements for the financial year ended 31 December 2025.
- To discuss and approve the proposal of the Board of Directors to distribute dividends to current shareholders amounting to 5% of the nominal value of each share of the Company that they own (i.e., QR 0.05 per share)
- To discuss and approve the Company's Corporate Governance Report including Related Party Transactions for the year ended 31 December 2025.
- To discuss and approve the Company's Internal Control over Financial Reporting (ICOFR) Report for the year ended 31 December 2025.
- To discharge members of the Board of Directors from their liability for the year ended 31 December 2025 and to decide their remuneration and bonuses.
- To vote on the candidates for the two opened Independent Directorship seats on the Board of Aamal.
- To appoint External Auditors for the year 2026 and set their fees.

Notes

- Shareholders are kindly requested to present their personal ID and proxies at least one (1) hour prior to the start of the scheduled meeting in order to ensure smooth registration of attendees and ascertain number of shares held by each attending Shareholder.
- Any modification to the proxy form by the Shareholder shall render the form null and void.
- Only the Company Shareholders can represent other Shareholders, through proxies, in the Ordinary General Assembly Meeting.
- Shareholders cannot delegate one of the Board of Directors to attend the Ordinary General Assembly Meeting on their behalf.
- Delegated Shareholders cannot possess more than 5% of the shares of the Company.
- Those persons representing companies that own shares in the Company shall present a delegation from said companies delegating them to attend the Ordinary General Assembly Meeting.
- Except for legal entities, each Shareholder may not represent, whether on behalf of him/herself and/or other shareholders, more than 25% of the total votes present at the Ordinary General Assembly Meeting.
- This invitation shall be deemed a legal announcement to all shareholders, without the need to send special invitations by mail in accordance with the Qatar Commercial Companies Law Number (11) of 2015 and its amendment number (8) of 2021, and in line with the requirements of the Corporate Governance Code for listed companies issued by Qatar Financial Markets Authority's Board directive no. (5) of 2025.



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Chairman's Statement

Esteemed Shareholders,

2025 was a strong and purposeful year for Aamal, marked by operational agility, resilient performance, and the focused execution of our long-term strategy. Against a complex and rapidly evolving market backdrop and an uncertain global dynamics, Aamal nonetheless delivered 2.5% growth in both attributable net profit and earnings per share. This is a testament to the sustained strength of the Company's diversified business model and the disciplined approach adopted across our four core sectors; Property, Trading & Distribution, Industrial Manufacturing, and Managed Services.

In keeping with prior years Aamal's Property segment again delivered a significant contribution in 2025. High occupancy levels were sustained across the segment's commercial and residential assets, underscoring the quality and sustained tenant appeal of our portfolio. Building on this, the acquisition of Aamal Tower represented a great strategic enhancement for the property segment, while City Center continued to strengthen its market position following a recent expansion enabling a refreshed tenant mix and elevating the customer experience. These initiatives reinforce our focus on owning and operating high-quality, income-generating assets that deliver long-term value.

Across Trading & Distribution and Industrial Manufacturing, our subsidiaries expanded strategic partnerships, improved operational efficiencies, and captured growth opportunity. This activity was particularly strong within the energy, infrastructure, and export markets where an announced joint venture with Mohammed Al Barwani Oil Services, and the signing of an MoU with Niedax

Group, were notable positive developments. These businesses continue to benefit from disciplined cost management, targeted capital deployment, and an emphasis on innovation and operational excellence. In Managed Services, steady performance was delivered through new contract wins, improved service delivery, and enhanced operational processes.

These results are a reflection of the persistent positive dynamics resulting from Qatar's continued economic momentum and its diversification agenda. These national priorities continue to create meaningful opportunities for Aamal's diverse operations and reinforce our confidence in the country's long-term economic prospects.

On behalf of the Board, I extend our sincere gratitude to His Highness The Amir Sheikh Tamim bin Hamad Al Thani for his wise leadership and vision, which continue to guide Qatar's development and stability. I would also like to thank our shareholders for their continued trust, our customers and partners for their confidence, and our management and employees for their dedication and commitment.

In recognition of the Company's performance and its ongoing commitment to shareholder value, the Board will recommend a cash dividend distribution of 5%, subject to shareholder approval at the Annual General Meeting proposed to be held on 21 April 2026. We remain confident in Aamal's ability to build on its solid foundations and deliver sustainable value in the years ahead.

Faisal bin Qassim Al Thani

Independent auditors' report

To the Shareholders of Aamal Company Q.P.S.C. Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aamal Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

See Note 4 and Note 31 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>We focused on this area because of the following reasons:</p> <ul style="list-style-type: none"> Carrying value of investment properties at the reporting date represents 77.6% of the Group's total assets, hence a material portion of the statement of financial position as at 31 December 2025. (2024: 76.3%). Valuation of investment properties involves the use of significant judgements and estimates. Sensitivity of valuations to key assumptions. 	<p>Our audit procedures in this area included, among other things:</p> <ul style="list-style-type: none"> Evaluating the external valuer's competence, capabilities and objectivity. Inspecting the valuation reports and assessing whether any matters identified in them have a potential impact on the amounts recorded and / or the disclosures in the consolidated financial statements. Agreeing the property information in the valuation reports to the underlying property records held by the Group. Involving our own valuation specialist to assist us in the following matters: <ul style="list-style-type: none"> assessing the consistency of the valuation basis and appropriateness of the methodology used, based on generally accepted valuation practices; evaluating the appropriateness of key assumptions (i.e. economic life of the asset, rebuild cost and the comparable market rate for the land value); review the appropriateness of the valuation outcomes. Evaluating the adequacy of the financial statement disclosures including disclosures of key assumptions, judgements and sensitivities. Evaluating design, implementation and operating effectiveness of key controls over the methods, assumptions and data used in estimation of the fair value of the investment properties.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditor's report, we obtained the report of the Chairman which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and we will not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed assurance engagements on the internal controls over financial reporting and the Company's compliance with the provisions of the Qatar Financial Markets Authority's Governance Code for Listed Companies that forms part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- We have read the Chairman's report to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company.
- Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.
- We are not aware of any violations of the applicable provisions of the amended QCCL or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2025.

26 February 2026
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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Auditors' License No. 120153

Consolidated statement of financial position

As at 31 December 2025

In Qatari Riyals

	2025	2024
Assets		
Non-current assets		
Property, plant and equipment	457,078,817	405,342,070
Investment properties	7,560,704,045	7,135,738,978
Right-of-use assets	22,289,251	35,048,556
Equity-accounted investees	487,487,143	491,927,424
Retention receivables	341,775	1,057,980
Total non-current assets	8,527,901,031	8,069,115,008
Current assets		
Inventories	204,013,942	243,148,347
Investments at fair value through profit or loss	7,945,186	8,228,943
Trade and other receivables	556,455,829	680,081,739
Amounts due from related parties	258,168,355	143,113,128
Cash and cash equivalents	187,137,406	202,960,953
Total current assets	1,213,720,718	1,277,533,110
Total assets	9,741,621,749	9,346,648,118
Equity and liabilities		
Equity		
Share capital	6,300,000,000	6,300,000,000
Legal reserve	798,757,458	763,750,936
Retained earnings	1,305,447,608	1,286,204,826
Equity attributable to owners of the Company	8,404,205,066	8,349,955,762
Non-controlling interests	903,896	7,891
Total equity	8,405,108,962	8,349,963,653
Liabilities		
Non-current liabilities		
Borrowings	659,238,894	210,871,068
Lease liabilities	16,640,452	24,437,919
Deposits from tenants	10,085,353	10,528,939
Employees' end of service benefits	34,907,907	33,056,777
Total non-current liabilities	720,872,606	278,894,703
Current liabilities		
Borrowings	173,725,616	167,182,748
Lease liabilities	9,666,143	16,447,971
Trade and other payables	389,591,282	484,364,354
Amounts due to related parties	42,657,140	49,794,689
Total current liabilities	615,640,181	717,789,762
Total liabilities	1,336,512,787	996,684,465
Total equity and liabilities	9,741,621,749	9,346,648,118

The consolidated financial statements were authorised for issue by the Board of Directors on 26 February 2026 and were signed on its behalf by:

Sheikh Mohamed Bin Faisal Al Thani
Vice Chairman and Managing Director

Rashid Bin Ali Al Mansoori
Chief Executive Officer

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

In Qatari Riyals

	2025	2024
Revenue	1,995,567,497	2,100,838,220
Cost of sales	(1,480,907,431)	(1,585,434,088)
Gross profit	514,660,066	515,404,132
Other income - net	38,123,350	47,196,102
Marketing and promotion expenses	(12,025,608)	(9,647,104)
General and administrative expenses	(166,941,154)	(162,698,009)
(Allowance for) / reversal of impairment of financial assets	(8,416,098)	1,888,304
Operating profit for the year	365,400,556	392,143,425
Finance income	5,186,399	2,497,668
Finance costs	(33,272,604)	(34,317,194)
Finance costs - net	(28,086,205)	(31,819,526)
Share of profit of equity-accounted investees	107,618,352	71,684,526
Profit before tax	444,932,703	432,008,425
Income tax expense	(704,079)	(523,760)
Profit for the year	444,228,624	431,484,665
Other comprehensive income	-	-
Total comprehensive income for the year	444,228,624	431,484,665
Profit for the year attributable to:		
Owners of the Company	443,332,619	432,547,738
Non-controlling interests	896,005	(1,063,073)
	444,228,624	431,484,665
Total comprehensive income for the year attributable to:		
Owners of the Company	443,332,619	432,547,738
Non-controlling interests	896,005	(1,063,073)
	444,228,624	431,484,665
Basic and diluted earnings per share (attributable to owners of the Company) (expressed in QR per share)	0.07	0.07

Consolidated statement of Cash flows

For the year ended 31 December 2025

In Qatari Riyals

	2025	2024	2025	2024
Cash flows from operating activities				
Profit for the year	444,228,624	431,484,665		
<i>Adjustments for:</i>				
Depreciation on property, plant and equipment	38,975,450	27,898,130		
Amortisation on right-of-use assets	15,040,544	15,009,332		
Share of profit of equity-accounted investees	(107,618,352)	(71,684,526)		
Allowance for / (reversal of) impairment of financial assets	8,416,098	(1,888,304)		
Loss on acquisition	-	10,827,156		
Provision for obsolete and slow-moving inventories	1,106,659	510,666		
Provision for employees' end of service benefits	5,642,564	4,803,657		
Gain on derecognition of right-of-use assets	(89,663)	(75,630)		
Gain on investment disposal	(13,527,444)	-		
Loss / (gain) on disposal of property, plant and equipment	243,466	(8,525,228)		
Income tax expense	704,079	523,760		
Finance costs, net	28,086,205	31,819,526		
Operating profit before working capital changes	421,208,230	440,703,204		
<i>Changes in:</i>				
- Trade and other receivables	115,942,817	12,839,804		
- Inventories	38,027,746	(68,198,354)		
- Trade and other payables	(106,478,954)	42,327,892		
- Amounts due from and due to related parties	(122,209,576)	(174,317,511)		
Cash generated from operations	346,490,263	253,355,035		
Payment made for employees' end of service benefits	(3,791,434)	(2,887,304)		
Finance costs paid	(21,934,046)	(20,990,373)		
Income taxes paid	(525,098)	(633,116)		
Net cash generated from operating activities	320,239,685	228,844,242		
Cash flows from investing activities				
Additions to property, plant and equipment	(95,054,299)	(19,369,541)		
Proceeds from disposal of property, plant and equipment	2,189,730	42,934,149		
Additions to investment properties	(423,056,161)	(20,161,230)		
Interest received	5,186,399	2,497,668		
Dividends received from equity-accounted investees	88,393,556	27,720,463		
Acquisition of subsidiary, net of cash acquired	-	265,230		
Additional investment on an associate	-	(47,750,000)		
Acquisition of non-controlling interest	-	(32,000,000)		
Proceeds from disposal of investment	37,192,646	-		
Net cash deconsolidated	(125)	-		
Net cash used in investing activities	(385,148,254)	(45,863,261)		
Cash flows from financing activities				
Payment of lease liabilities	(16,770,871)	(15,713,449)		
Repayments of borrowings	(374,288,029)	(188,764,490)		
Proceeds from borrowings	818,143,922	35,051,799		
Dividends paid	(378,000,000)	-		
Net cash from / (used in) financing activities	49,085,022	(169,426,140)		
Net (decrease) / increase in cash and cash equivalents	(15,823,547)	13,554,841		
Cash and cash equivalents at beginning of year	202,960,953	189,406,112		
Cash and cash equivalents at end of year	187,137,406	202,960,953		

Consolidated statement of changes in equity

For the year ended 31 December 2025

In Qatari Riyals

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Legal reserve	Retained earnings	Total		
Balance at 1 January 2024	6,300,000,000	731,812,949	886,897,567	7,918,710,516	42,582,165	7,961,292,681
Profit for the year	-	-	432,547,738	432,547,738	(1,063,073)	431,484,665
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	432,547,738	432,547,738	(1,063,073)	431,484,665
Acquisition of non-controlling interest	-	-	9,511,201	9,511,201	(41,511,201)	(32,000,000)
Transfer to legal reserve	-	31,937,987	(31,937,987)	-	-	-
Contribution to social and sports fund	-	-	(10,813,693)	(10,813,693)	-	(10,813,693)
	-	31,937,987	(33,240,479)	(1,302,492)	(41,511,201)	(42,813,693)
Balance at 31 December 2024	6,300,000,000	763,750,936	1,286,204,826	8,349,955,762	7,891	8,349,963,653
Balance at 1 January 2025	6,300,000,000	763,750,936	1,286,204,826	8,349,955,762	7,891	8,349,963,653
Profit for the year	-	-	443,332,619	443,332,619	896,005	444,228,624
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	443,332,619	443,332,619	896,005	444,228,624
Transfer to legal reserve	-	35,006,522	(35,006,522)	-	-	-
Contribution to social and sports fund	-	-	(11,083,315)	(11,083,315)	-	(11,083,315)
	-	35,006,522	(46,089,837)	(11,083,315)	-	(11,083,315)
<i>Transactions with owners in their capacity as owners</i>						
Dividends	-	-	(378,000,000)	(378,000,000)	-	(378,000,000)
Total transactions with owners	-	-	(378,000,000)	(378,000,000)	-	(378,000,000)
Balance at 31 December 2025	6,300,000,000	798,757,458	1,305,447,608	8,404,205,066	903,896	8,405,108,962

Note: the above published financial information are not the full set of the consolidated financial statements. Full set of consolidated financial statements are available on the company's website: www.aamal.qa

Global earnings show shift from US as S&P 500 slumps

Bloomberg
New York

As the latest earnings season wraps, investors could be forgiven for missing some of the fireworks, what with AI's stranglehold on the market narrative, geopolitical angst and renewed trade uncertainty.

But the quarterly ritual highlighted some key themes that stand to shape the rest of the year in equity markets. While profits boomed in the US, the rest of the world wasn't shabby either, undergirding calls to diversify away from American stocks into megacaps in Asia and Europe. And though the US delivered a solid quarter, the results were mixed and, in many cases, received poorly amid worries that growth rates might have peaked.

Asia's behemoths continued to benefit from their key role in the artificial intelligence build out, while European consumer companies remained under pressure. Industrial and financial firms on the continent delivered strong results thanks to rising federal outlays.

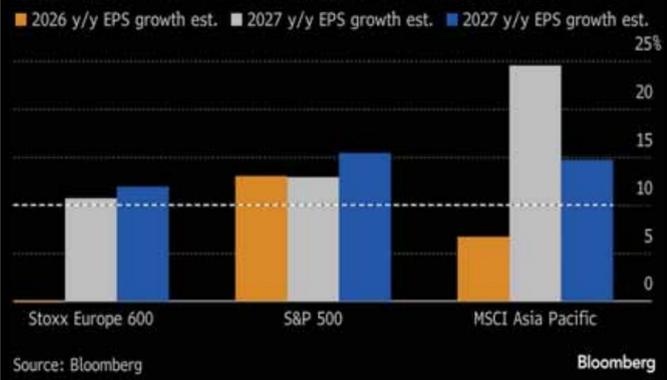
Below is a round-up of the key themes, along with the winners and losers. First, though, some key numbers. Profit growth in the US and Europe handily topped expectations. S&P 500 companies boosted earnings by 13%, some five percentage points ahead of forecasts. European large caps grew profits 4.5%, three times the anticipated rate.

Less rosy was the number of companies that contributed to beats. Barely three-quarters of companies in the S&P 500 outdid forecasts, the fewest in three years and down from 82% last quarter, according to a Bloomberg Intelligence tracker. In Europe, 47% of companies in the MSCI Europe overperformed, well below the 54% average of the past five years. Forecasts for the rest of the year also underwhelmed, leading to some sharp selloffs at companies that otherwise delivered on the bottom line. US stock performance in the period was unusually muted, while Europe and Asia rallied.

Valuation expansion — in Asia: Asia's high exposure to the chipmaking industry has proved a tailwind for the region. Firms like Tavian Semiconductor Manufacturing Co and Korea SK Hynix Inc, along with China's foundries, make the area a key player in manufacturing the chips that will drive the

US Earnings Dominance Set to Be Challenged

Earnings growth in other regions are expected to narrow gap with US



global AI buildout. Energy capacity is also likely to add to profit growth.

While earnings are growing faster in the US, the rest of the world's rate of expansion is expected to catch up later this year and into next. That is likely to erode the valuation gap the US had opened up, adding to reasons to diversify internationally.

"You can pay 16 times forward earnings in Europe or 23 times in the US for what consensus expects to be similar earnings growth by 2027," said Adrian Helfert, chief investment officer of multi-asset strategies at Westwood Management. "My highest conviction region right now is the eurozone, specifically European industrials, defense and banks. This isn't a 'hide from the storm' trade, it's a structural re-rating story that's only in the early innings."

Mixed messages in US: In some cases, the earnings at large-cap tech companies like Nvidia Corp, Amazon.com Inc and Microsoft Corp were poorly received given a combination of sky-high expectations and high valuations. Nvidia fell despite beating on sales and forecasting a huge revenue haul over the rest of the year. Tech firms in the S&P 500 powered the earnings growth, but most of that was priced into the stocks — the so-called 'Magnificent Seven' group has fallen 6.8%

since the start of the year. "The US earning season has brought an increase in disappointment," said Tim Hayes, chief global strategist at Ned Davis Research, in a note this week.

On the positive side, though, was the growth registered outside of Big Tech, which is expected to converge in 2026, according to Bloomberg Intelligence. The increase in profit expansion among the rest of the S&P 500 justifies a "catch up" in those share prices and doesn't signal "a collapse in the magnificents," said Michael Casper, an analyst with BI. That's good news for equity bulls.

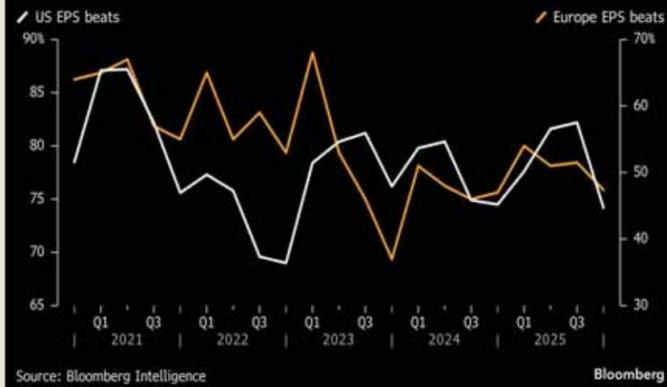
Then there are some investors who see the rotation from tech as overdue. "Now there are bargains," Jay Hatfield, CEO and founder at Infrastructure Capital Management LLC, said, noting that Amazon is trading at a lower price-to-earnings ratio than Walmart Inc, while offering a sharper growth outlook.

Peak Growth? Gina Martin Adams, chief market strategist at HB Wealth Management, said the relatively robust US earnings season this time failed to provide a positive catalyst to stocks because companies may have already delivered their best growth rates.

"One of the most interesting things that happened so far this year is usually earnings season is very uplifting. We did not see that

Breadth of Earnings Beats Is Falling in US and Europe

S&P 500 sees lowest proportion of stocks beating estimates in three years



this time around," she said. Her theory is investors are adjusting to predictions for slower profit gains, with current consensus showing 2026 growth may merely match that of 2025, rather than exceeding the previous year's rate. S&P 500 revenue growth may have hit peak pace in the fourth quarter last year at 8.1% year on year, which was the fastest growth since 2022, according to HB Wealth.

"This loss of momentum in fundamentals could help explain the loss of momentum in the market at large," she said. "We need to see analysts coming out with positive revisions."

Europe's AI split: In Europe, the latest updates have underpinned a trend that has been ongoing for several quarters. Consumer stocks, whether discretionary or staples, are still struggling, while financials, technology and industrial businesses have shown positive momentum.

Separately, AI overwhelmed earnings for companies in sectors that could be at risk from the new technology. In many cases, sentiment was a bigger driver than fundamentals. Cap Gemini SE, an IT services firm, published reassuring results, but the stock is still languishing after a 34% drop sparked by worries of AI disruption.

When it did come to fundamentals, some

divergence between software and hardware stocks started to emerge. While chipmaker equipment manufacturer ASML Holdings NV reported record orders and an upbeat outlook, German software giant SAP SE disappointed investors with lackluster growth in its cloud business.

And then there are consumer stocks, the sick man of the continent. Stellantis NV plummeted after a €22bn write-down mainly linked to reversing course on its electric vehicle strategy. Diageo Plc plunged by the most on record after the maker of Guinness stout and Johnnie Walker whiskey cut its sales guidance due to further weakness in the key US market, and reduced its dividend.

Asia in demand: Earnings in Asia have showed resilience, with upsides in tech and AI-linked sectors offsetting disruptions from tariffs, weak global demand and China's lopsided economic recovery.

The forward earnings estimates for members of the MSCI Asia Pacific Index have been revised up by more than 20% since September-end, according to data compiled by Bloomberg. Analyst estimates for corporate profit in the region have risen to the highest since early 2023 relative to global peers, the data showed.

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Paramount's \$57.5bn of Warner debt to mix junk, high grade

Bloomberg
Los Angeles

Paramount Skydance Corp's takeover of Warner Bros Discovery Inc is expected to feature an unusual combination of investment-grade and junk-rated debt, as Wall Street banks turn to as many markets as possible to raise \$57.5bn of debt for the acquisition.

A trio of lenders are initially providing temporary financing, which will be refinanced with about two-thirds or more investment-grade debt and the rest in high-yield bonds, according to people familiar with the matter. Typically, borrowers opt for either investment-grade financing or leveraged financing, rarely both in combination.

The high-grade debt is expected to include loans and senior secured bonds, while the junk bonds will likely be unsecured, said the people who asked not to be identified discussing private



Paramount signage in Times Square in New York. Paramount's takeover of Warner Bros Discovery is expected to feature an unusual combination of investment-grade and junk-rated debt, as Wall Street banks turn to as many markets as possible to raise \$57.5bn of debt for the acquisition.

deliberations. Banks are set to be invited to join the syndicate in the coming weeks, the people said. Lenders have already asked to get on the deal, vying for a spot on the high-profile financing. The

company expects to borrow in dollars and euros, with financing expected to wrap up by the end of summer, they said.

The high-stakes bidding war for Warner Bros ended this week

after Paramount raised its offer to \$31 a share. Netflix Inc, which had previously agreed to buy most of Warner Bros for \$27.75 a share, declined to match it. Bank of America Corp, Citigroup Inc and Apollo Global Management Inc. are providing the \$57.5bn bridge loan. For lenders, underwriting mergers and acquisitions is one of the most lucrative businesses.

Representatives for Paramount, Bank of America, Citi and Apollo declined to comment. A spokesperson for Warner Bros. didn't immediately respond to a request for comment.

While the majority of the debt in the LBO will be high-grade, there's poised to be roughly \$18bn of junior unsecured high-yield bonds, the people said. That level of junk debt is in line with the financing backing the leveraged buyout of Electronic Arts Inc., which is set to be the biggest LBO on record.

Bank of America, Citi, and Apollo previously committed to

providing \$54bn of debt for Paramount's bid. In this transaction, the banks are supplying about \$39bn of new debt, and \$15bn to backstop a Warner Bros. bridge facility, according to a statement. On top of that, the lenders committed to an additional \$3.5bn to backstop Paramount's existing revolving credit facility.

Paramount, led by Chief Executive Officer David Ellison, made adjustments to the terms of its offer after repeated rejections by Warner Bros. Those included personal guarantees on \$45.7bn in equity from a trust created by Ellison's father, Oracle Corp Chairman Larry Ellison, one of the world's richest people.

People with knowledge of the matter said Paramount paid the \$2.8bn breakup fee that Netflix was owed for terminating the agreement with Warner Bros. Paramount also agreed to pay Warner Bros \$7bn if the deal fails to win required regulatory approvals.

Blue Owl Capital notches worst monthly decline on record

Bloomberg
New York

Shares of Blue Owl Capital Inc notched the worst monthly decline on record, as investor anxiety deepened over turbulence in the \$1.8tn private credit industry.

Blue Owl's stock fell 23% in February. Blue Owl Technology Finance Corp, one of the firm's business development companies, fell 16% for the same period, also the worst month on record.

Concerns over the industry have mounted in the past week, after Blue Owl halted redemptions in one of its funds last week and decided to sell some assets to help pay investors. The move sparked a \$1.2bn drop in the firm's market value on the trading day following the news and hit the stocks of other private credit players. Shares of Ares Management Corp, Blackstone Inc and Apollo Global Management Inc are down at least 26% year to date.

"Currently, a lot of investors are afraid of the momentum," said Raymond James analyst Wilma Burdis. "There are also retail concerns on redemption requests, and then of course you've got tons and tons of private credit headlines."

The volatility was the latest sign of tumult in an industry stricken with worry about overspending on artificial intelligence, the technology's disruptive power and lending standards more broadly — a backdrop that's evoked comparisons to the period preceding the 2008 financial crisis. Software companies especially have come under the spotlight, given concerns that many received funding from alternative asset managers at lofty valuations.

Blue Owl's shares also marked a record seventh straight monthly decline. A representative for the firm declined to comment.

"The AI debate in private credit has been useful, but it's also become very binary," said John Cole Scott, president of CEF Advisors. "Either software is the next shale bust, or it's no problem at all. The truth for a lender like Blue Owl is in the middle."

There has been no shortage of pessimism. Activist investor Boaz Weinstein — whose Saba Capital is seeking to snap up stakes in three Blue Owl Capital funds at a steep discount to their stated value — warned of the "wheels coming off" in private credit.

Weinstein has been purchasing private-credit exposure at discounts, while maintaining shorts in parts of public credit where spreads remain tight.

"It feels like two different worlds," Weinstein said in an interview with Bloomberg News on the sidelines of iConnections Global Alts conference in Miami Beach, Florida on Wednesday. "Private markets are pricing a very bad outcome, public markets are not."

Analysts at UBS Group AG, meanwhile, said private credit could see default rates surge as high as 15%, two percentage points more than the firm forecast less than a month ago, if artificial intelligence triggers an "aggressive" disruption among corporate borrowers.

Others, however, said the ructions are being driven by fear rather than fundamentals.

"The challenge right now is more about sentiment than solvency," said Bloomberg Intelligence analyst Michael Kaye. "Until there's clearer evidence of stabilisation in flows, the shares may remain more narrative-driven than fundamentals-driven."

Some have encouraged investors to capitalize on the shares' weakness. BofA Securities said the recent stock plunge presents an attractive opportunity to purchase shares of Blue Owl and some of its alternative asset manager peers. "There is a significant level of misinformation weighing on OWL and the private credit industry," BofA analyst Craig Siegenthaler wrote in a note. Blue Owl's "investment performance is solid to strong across all of its strategies."

Wall Street turns to 'haven-first' strategy amid Iran crisis

Bloomberg
New York

The fast moving conflict across the Middle East is heightening investor anxiety and strengthening the case for safe haven trades such as Treasuries, gold and the Swiss franc.

Macro traders said all eyes will be on energy markets when trading fully reopens on Monday, with early indications of volatility also expected when the US dollar and other currencies start to trade in Australia. The possibility of prolonged turmoil in the Middle East and the ripple effects of higher oil prices are giving money managers fresh reasons to sell equities and shift into safety.

Traders will be adopting the strategy of "haven first, ask questions later," according to John Briggs, head of US rates strategy at Natixis. "The scale of the attacks and Iranian retaliation is larger than what the market expected," he said.

Briggs said Treasuries are likely to extend moves from Friday, when short-term yields sank to levels last seen in 2022. Others are watching energy choke-points. Roundhill Financial's Dave Mazza said he's closely tracking what happens to traffic at the Strait of Hormuz, a narrow waterway handling about a quarter of the world's seaborne oil trade.

"This is about Hormuz risk, not retaliation. If shipping stays open, stocks can work through it," he said. "If it doesn't, all bets are off." Rich valuations across global equities and credit also make it easier for investors to trim risk, said Ed Al-Hussainy, a portfolio manager at Columbia Threadneedle Investments. Markets have already been on edge over shifting US tariff policy, the disruption from artificial intelligence and stresses tied to private credit.

"The extent of the de-risking is anyone's guess," Al-Hussainy said.

Saudi Arabia's Tadawul All Share Index opened almost 5% lower before paring most of that decline in Sunday trading. Meanwhile, Bitcoin recovered and was trading around \$68,000. Put options on the cryptocurrency worth \$1.87bn were concentrated at the \$60,000 level on Deribit, signaling persistent demand



The fast moving conflict across the Middle East is heightening investor anxiety and strengthening the case for safe haven trades such as Treasuries, gold and the Swiss franc

for downside protection. Anxiety over the looming military action had started to filter into markets on Friday. Brent crude closed at the highest price since July, while the S&P 500 lost 0.4% on the day, capping its biggest monthly loss since March.

Strategists at Barclays Plc warned against quickly buying any dip. Investors have grown accustomed to geopolitical flare-ups that fade fast, but this episode risks lasting longer, wrote Ajay Rajadhyaksha, the firm's global chairman of research, citing the potential for US casualties, strikes on Iranian leadership and disruption to Hormuz traffic.

"The risk-reward doesn't seem compelling," he said. "If equities pull back enough (say over 10% in the S&P 500), there is likely to come a time to buy. But not yet."

Here's what other investors and strategists had to say:

Kevin Gordon, head of macro research and strategy for Charles Schwab & Co

"To the extent that sends oil prices higher on a somewhat sustained basis, there could be a near-term inflationary scare that spooks the equity market. I do think investors need to continue to think

about the distinction between front-page risk and bottom-line risk, though. If this conflict has no meaningful downstream impacts on growth or earnings, any negative stock market response has the potential to be short-lived."

Vincent Mortier, chief investment officer at Amundi

"In the short-term, while waiting for more clarity on the impacts of the events, we can expect a spike in oil price (5% to 10%), lower US rates, gold up and equities down a little (around 1%). This also serves as an excuse for some well-deserved profit taking when markets are at all-time highs."

Francis Tan, chief Asia strategist at Indosuez Wealth Management

"There is a high probability that Asia, and onward to Europe and the US will experience a risk-off gap down. The immediate impact will be on airline and travel stocks, as we see news from closures of airspace over the Middle East, and also potentially cancellations of flights that needed to use the airspace en-route to Europe.

Should the situation in the Gulf be sustained over a few months, oil price could be priced above \$100 a barrel and this will reduce any expectations of more

Fed rate hikes in 2026. This would be a dampener to growth stocks, particularly tech stocks could experience a decline."

Gregory Faranello, head of US rates at Amerivest Securities

"The military operation with Iran could last for a few weeks. We don't believe it drags on. In the context of the past four years, US Treasuries have been range bound and there is room below for yields, if investors want safe haven. Ultimately yields will be driven by the Fed and economy. This operation in Iran does not change US fundamentals."

Frank Monkam, head of cross asset macro strategy and trading at Buffalo Bayou Commodities

"This Iran strike over the weekend constitutes an almost a perfect sell-off catalyst for an already fragile equity market, and the recent uptick in volatility is likely to extend in the shorter term. That being said, geopolitical flare-ups typically tend to create temporary sell-offs rather than sustained bear markets, so I expect equities to eventually stabilise once Middle East developments are fully digested.

In the grander scheme, the macro question is around the potential impact of an oil shock on an economy that's flashing signs of stagflation-lite based on recent readings. Therefore, I also expect policy volatility to move back to forefront in response over the weeks and months ahead."

Rajeev de Mello, global macro portfolio manager at Gama Asset Management

"A prolonged escalation in hostilities between the United States and Iran would transmit to emerging markets first and foremost through the oil complex.

The majority of large EM economies are net oil importers, and energy remains a meaningful share of both their import bills and inflation baskets. Higher crude oil prices widen current account deficits, compress real incomes, and force central banks to choose between supporting growth and containing inflation expectations. This is particularly relevant given the strong recent performance across EM risk assets: Positioning and sentiment have improved, leaving less margin for an adverse terms-of-trade shock."

US job growth seen moderating after robust January

Bloomberg
New York

US payrolls growth probably settled back in February after the strongest month of hiring in a year, returning to a more moderate and likely sustainable pace of hiring. Economists project 60,000 jobs were added for the month — less than half the number created at the start of the year, according to the median of a Bloomberg survey ahead of Friday's report. The jobless rate is seen holding steady at 4.3%.

After years of scrambling to lure workers, employers dialed back hiring rapidly in 2025. The result was the weakest year for payrolls growth outside of a recession since 2003. That's led to increased anxiety among American consumers who've been the primary source of fuel for the economy.

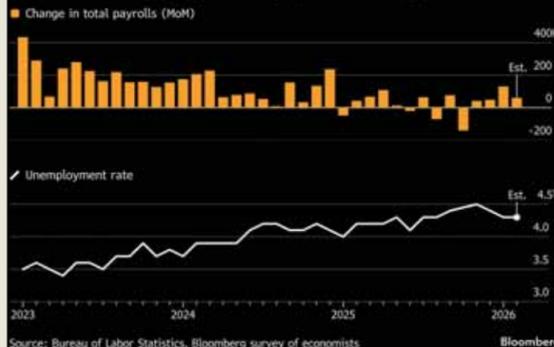
The longer the job market limps along, the more consumer resilience will be put to the test. January retail sales data, due on the same day as the payrolls report, are unlikely to offer concrete signals either way because severe winter weather snarled activity across much of

the US. Economists forecast a modest increase in receipts at US retailers other than auto dealers and gas stations. Fuel prices fell to a five-year low earlier in the month before rebounding in the closing weeks of January. Auto sales slumped, based on industry figures, also likely due to weather. "We expect a 30K drop in February payrolls, a sharp deceleration from January's surprisingly strong print. The slowdown is more reflective of the cold spell in late-January and early February than a weakening in underlying hiring conditions. Weather-sensitive sectors were particularly hard hit, including construction and leisure and hospitality likely. But our broader takeaway is that labor market conditions have stabilised since last fall," say Anna Wong, Stuart Paul, Eliza Winger, Chris G Collins, Alex Tanzi and Troy Durie, economists.

In addition to the jobs and retail sales reports, economists will parse a pair of surveys on manufacturing and services for clues about business sentiment. The Institute for Supply Management will issue its manufacturing index on Monday, followed by the group's gauge of services activity on Wednesday.

US Job Growth to Moderate After Robust January Hiring Pace

Economists see February payrolls rising 60,000 and a steady jobless rate



The Federal Reserve on Wednesday will release its Beige Book, offering anecdotal insight into economic conditions around the country. In Canada, officials will survey the outlook in a more shock-prone world, with Bank of Canada Governor Tiff Macklem discussing economic and financial stability risks and Deputy Governor Sharon Kozicki outlining how the monetary policy framework may need to adapt. Markets will also parse

productivity data for signs that a rebound carried into year-end. Prime Minister Mark Carney is traveling to India, Australia and Japan, advancing efforts to diversify trade relationships. Elsewhere, a plethora of inflation numbers — from the eurozone to Turkey, and from South Korea to Chile — as well as multiple activity indexes and China's National People's Congress will be among the highlights. Fallout from joint US-Israeli strikes on Iran also will be in focus.

The week kicked off with export data for South Korea, which showed an acceleration in February, reinforcing the central bank's view that solid semiconductor demand is helping cushion the economy as it maintains a neutral policy stance. Australia releases data on Wednesday that's expected to show that growth picked up a tad in the fourth quarter, in figures likely to sustain speculation over another Reserve Bank of Australia rate hike this year after January inflation held above the bank's target.

China gets PMI statistics the same day that will probably highlight the need for more policy support after a sluggish start to the year. Meanwhile, the National People's Congress that starts on Thursday will set the tone for the economy in the year ahead. Official manufacturing and non-manufacturing gauges for February are both forecast to stay contractionary. The RatingDog indexes also due have tended to be a little more upbeat. Other Asian nations releasing PMI statistics in the coming week include Indonesia, Malaysia, the Philippines, Thailand, Singapore, South Korea, Taiwan and Vietnam.

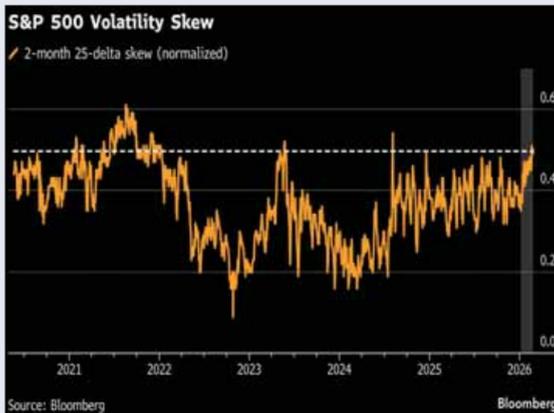
Japan's Ministry of Finance on Tuesday releases a report card for corporations. Fourth-quarter profits will give an indication of whether firms have scope to maintain robust wage growth, and capex data will be watched closely after preliminary GDP for the period showed anemic 0.2% growth in business spending. Tuesday's figures will be factored into revised GDP due March 9. South Korea's consumer inflation is seen picking up a bit in February, to 2.2%, likely keeping the Bank of Korea in a holding pattern for now. Indonesia's February consumer inflation is expected to accelerate to 4.34% after recording the fastest clip since 2023 a month earlier, in data that could test Bank Indonesia's resolve to stay accommodative. Also releasing CPI figures are Thailand, the Philippines and Vietnam. Trade data are due from Vietnam, Australia, Indonesia and Pakistan. In central bank action, three RBA officials are due to speak, possibly offering clues on the timing of the next rate hike, with pricing in the overnight-indexed swaps market implying only the sliver of a chance of a back-to-back increase at the next decision on March 17.

Zero-day options boom is coming for Big Tech as hedging picks up

Bloomberg
New York

With Big Tech no longer leading stocks higher, traders are eyeing newly-listed contracts to trade short-term opportunities in some of the biggest names. The broadening of the equity rally has resulted in huge sector rotations that have flattened gains, keeping the S&P 500 Index almost unchanged for the year. With the earnings season coming to an end, traders have been buying more protection against a selloff, driving up the skew of puts over calls. Now the conflict sparked by US-Israeli strikes on Iran means they'll have to factor in the consequences. "Not only is skew increasing at the SPX index level as more people reach for portfolio hedges, we're also seeing more downside risk being priced in at the single-stock level, particularly for the mega-cap

tech names," said Mandy Xu, head of derivatives market intelligence at Cboe Global Markets Inc. "Retail traders have turned more cautious on tech, with call buying activity dropping off sharply to levels last seen during the 2022 bear market." Last week's focal point for the market was the results of Nvidia Corp, which remains a bellwether for the broader artificial-intelligence theme even as fixation on the stock has eased. Unsurprisingly, derivatives trading spiked on the days leading up to the event as investors placed their bets. Almost 50% of the overall Nvidia option volume both prior and post the earnings release was focused on Friday's expiry, underscoring the demand for short-term contracts to speculate on discrete events. Few single stocks like Nvidia have such short-term options available. Cboe launched contracts expiring on Mondays and Wednesdays on some Magnificent 7 names



— including Tesla Inc and Apple Inc — in late January, adding to the Friday listings on single stocks and daily expiries on indexes and key exchange-traded funds. But the growing success of short-

term wagers on indexes — 66% of the S&P 500's overall options trading is based on contracts expiring daily, according to a Barclays Plc research report earlier in February — means a cohort

of traders may see the same opportunity in single stocks. However, the option selling that tends to dominate index ODTE flows is more likely to remain concentrated there than in single stocks as the implicit diversification mitigates the threat of unexpected, outsized moves. In single names, the idiosyncratic "jump" risk introduces a non-negligible probability of a fund-threatening event to investors. "That is not without significant left tail risk," said Garrett DeSimone, head quant at OptionMetrics, referring to the peril of extremely negative outcomes when selling zero-day single-stock options. This risk of an outsized move that could cause steep losses for option sellers — reflected in what DeSimone refers to as statistical "skewness" — is "massive" on Big Tech names versus indexes, he said. "This, of course, presents a risk management challenge for any

fund trying to attempt a systematic short vol strategy on these single-name ODTEs," he added. Systematic option selling at the index level can dampen intraday swings in the S&P 500 when ODTE flows leave dealers net long gamma, forcing them to sell into rallies and buy dips as they re-balance. While this dynamic is structurally supported by diversification at the index level, a similar — though likely less stable — intraday volatility suppression could emerge in highly liquid megacap stocks if short ODTE positioning begins to dominate flows in those names. And while the variance risk premium on the Magnificent 7 is significant, it's likely to narrow over time as volumes continue to pick up, according to DeSimone. "We would expect that premium to compress over the next six to seven months as the new Monday and Wednesday contracts get more active," he said.

Reeves aims to end UK tax chatter with low-key economic update

Bloomberg
London

Rachel Reeves will deliver a low-key update on the state of the UK economy this week, as she seeks to draw a line under the endless cycle of speculation that's preceded recent two-yearly fiscal events.

In the House of Commons on Tuesday, the Chancellor of the Exchequer will deliver what the Treasury has internally dubbed a "spring forecast" rather than the usual "spring statement," people familiar with the matter said. That means she'll respond to the Office for Budget Responsibility's latest economic projections without laying out the usual menu of new tax-and-spend policies, they said.

The pared-down intervention is part of the chancellor's pledge to deliver just one significant fiscal event a year in an effort to limit the near-perpetual speculation on tax and spending associated with holding two big annual policy events.

Her aim is to convey a sense of stability in the public finances after raising the annual tax burden by more than £60bn (\$81bn) in her last two budgets.

She'll be delivering the speech in the aftermath of a crunch special election in the Manchester district of Gorton and Denton and Keir Starmer's Labour Party in a three-way fight with the Greens and Nigel Farage's Reform UK.

Results are expected in the early hours of Friday, and defeat for Labour in a seat they easily won 19 months ago could spell trouble ahead for the prime minister, who is vulnerable to a potential leadership challenge given his poor approval ratings and Labour's weak



Rachel Reeves, UK Chancellor of the Exchequer.

standing in the polls. Another moment of possible peril for Britain's premier looms in May, when polling suggests Labour will suffer heavy losses in a round of local elections.

"Just because the government wants a non-event, a quick response to the latest OBR forecasts, doesn't mean that's what they, or the market, will get," said Helen Thomas, CEO of macroeconomic consultancy BlondeMoney and a former adviser to ex-Chancellor George Osborne. "In the wake of the information from Gorton and Denton, a cabinet reshuffle could be in the offing."

Reeves faces calls to use the update to make changes to the UK's student finance system, which has saddled graduates — especially those who took out loans between 2012 and 2023 — with mounting debts as their repayments fail to keep pace with the interest accruing on their loans.

Reeves in November froze the earnings threshold at which graduates begin repaying their loans

for three years — a move that will mean more have to begin repayments sooner than they otherwise would have.

The main opposition Tories — who were responsible for introducing the system — have said they'd cut interest rates on the loans, and Starmer himself said on Wednesday that the government would "look at ways to make it fairer."

However, the government downplayed the prospect of anything being announced at the spring update.

"The spring forecast is just a forecast," Starmer's spokesman, Tom Wells, told reporters on Thursday when asked about possible changes to student loan provisions. "We've never intended to include any policy."

The sedate run-in to Reeves' latest economic update is in stark contrast to the build-up to her last budget in November, which was marked by damaging leaks and persistent speculation about tax changes in the weeks' prior, in-

cluding the fear that she was set to increase income tax.

That was a controversial idea given Labour's manifesto commitment not to change the basic rate of income tax.

In the end, the chancellor decided to freeze income tax thresholds as part of a total £26bn package of tax hikes to create a healthier buffer against her fiscal rules. The freeze in thresholds, however, sparked a backlash amid accusations that it amounted to an effective tax hike on working people, essentially breaking Labour's election manifesto promises.

As well as giving its latest growth forecasts, the OBR is due to give an update on Reeves' so-called fiscal headroom — the buffer she has against meeting her main fiscal rule, which is that day-to-day government spending should be covered by tax revenues by the end of the Parliament.

Reeves increased that buffer from £9.9bn at the last budget — which was near historic lows — to more than £20bn, which is in line with the average that chancellors have enjoyed since 2010. The bigger margin was designed to end perennial speculation about whether taxes would need to rise or spending would need to be cut to ensure the chancellor kept meeting her rules, which she has repeatedly described as "non-negotiable."

The enhanced headroom was also designed to win over financial markets, which had been hurting Reeves with relatively higher borrowing costs than other Group of Seven nations, leading to elevated debt interest payments. The UK government 10-year yield reached highs of 4.89% last year, and his since declined to 4.3%, but Britain still borrows at a premium compared to the likes of the US, France and Germany.

Crypto loses its grip on retail army now defecting to equities

Bloomberg
New York

For years, retail investors were crypto's most reliable fuel — the dip-buyers, the memecoin speculators, the momentum traders that powered every rally. Now they're moving on, stalling the demand engine that digital assets have depended on for a decade.

Speculative demand that once concentrated in crypto is being sucked into stocks, according to a new report from market-maker Wintermute that draws on JP-Morgan Chase & Co data. Since late 2024, retail has been steadily shifting toward equities, a trend that accelerated sharply after the October crypto crash, according to the report. It marks a break from the previous investing cycle when stocks and digital assets broadly moved in tandem as twin bets on risk appetite.

The shift strikes at something fundamental about crypto's market structure. Unlike equities, which are supported by corporate earnings, dividends, and institutionally mandated buying, crypto has long depended on retail's animal spirits as the primary demand driver. If that demand is being dispersed across a growing menu of high-octane equity trades, it challenges the assumption that digital assets can sustain a recovery without a new catalyst to lure mom-and-pop investors back.

"In prior cycles, excess retail risk appetite tended to concentrate in crypto," said Evgeny Gaevoy, chief executive officer of Wintermute. Crypto has now been reduced to "one of many risky-asset classes with similar volatility profile that retail can use to invest and speculate on," he added.

The October crash was the accelerant. More than \$19bn in positions were wiped out — \$7bn of them in less than an hour — liquidating over 1.6mn traders, according to Coinglass data. Since then, there's been "a near-com-

plete pivot into equities that is still ongoing," per Wintermute. Bitcoin has roughly halved — from around \$126,000 — as equity indexes have powered ahead. Over the weekend, it's traded around \$66,000 amid news of US and Israeli strikes on Iran.

The crypto industry has been casting around for explanations — gold, prediction markets, memecoins burning out — for why retail vanished. The gravitational pull may extend beyond equities alone, said Cosmo Jiang, a portfolio manager at Pantera Capital.

"You can see this in monthly ETF data into some of the most recent hyped-up assets, including gold, silver, quantum and other thematic ETFs surging, while at the same time outflows have been seen in BTC and ETH," he said. "I believe that speaks to a direct correlation there — that a meaningful amount of speculative retail attention and momentum rotated into those other thematic trades."

Over the past three months, nearly \$3bn has been yanked from spot-Bitcoin ETFs, according to data compiled by Bloomberg, though recent sessions have found inflows. Equity funds, which have much longer track records and occupy a vastly larger universe than crypto-flavored products, have continued to rake in cash. Thematic products have attracted cash, too — gold-themed ETFs, for instance, have taken in more than \$20bn over the same period.

There's a deeper structural explanation too: Crypto's volatility — the very thing that made it irresistible to retail — is compressing. Bitcoin's realised volatility ratio to the Nasdaq has been grinding lower, at times dropping below 2x in the first half of 2025, according to Wintermute. For everyday traders chasing outsized moves, the gap between crypto and equities is narrowing.

"What we're saying is that heightened retail activity in equities is pulling air out of crypto," Wintermute said in a post about the report on social network X.



Berkshire's operating profit falls on insurance underwriting

Bloomberg
New York

Operating profits at Berkshire Hathaway Inc fell nearly 30% in Warren Buffett's last quarter as chief executive officer, as insurance underwriting earnings slumped. That metric fell by more than 54%, and the company warned of potential future challenges to the business because of strong competition and rising claims. Berkshire also took a \$4.5bn impairment on its Kraft Heinz Co and Occidental Petroleum Corp holdings. "Our investment in Kraft Heinz has been disappointing," CEO Greg Abel said in his inaugural letter to shareholders Saturday. "Even after considering the preferred equity component in our original Heinz investment, our return has been well short of adequate." Berkshire's cash pile stood at \$373.3bn, down from \$381.7bn in the previous quarter. The conglomerate's earnings are closely watched because its stable of businesses, ranging from insurance

to rail, energy and manufacturing, provides a snapshot of the health of the US economy. Its annual insurance underwriting pre-tax earnings fell 17% in 2025 from a year ago.

Lower interest rates impacted the firm's proceeds from its cash pile, with insurance interest and other investment income falling 11.9% over the last year.

The firm declined to buy back its own shares for the sixth straight quarter, even after the stock fell 6.5% after Buffett announced in May that he would step down as CEO at the end of 2025.

Abel reaffirmed his predecessor's guidance regarding shareholder returns, saying the firm will buy back its own shares when he believes, after consulting Buffett, that they trade below their intrinsic value. He also said the firm will abstain from paying a dividend as long as "more than one dollar of market value for shareholders is reasonably likely to be created by each dollar of retained earnings."

The board reviews the shareholder return policy every year.